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SUBJECT: MEXICAN TRUCKERS FEAR COMPETITION

11. SUMMARY. Representatives of the trucking industry in Monterrey expressed frustration with inefficient and unsafe operations of Mexican customs facilities in Nuevo Laredo. Although the GOM is improving and updating border crossings, the road system that feeds into them remains substandard causing significant delays, expenditures and security concerns for Mexican trucking firms. Some Mexican firms have chosen to limit their clients to ensure that they do not lose DHS FAST (Free and Secure Trade Program) certification. The frustration seems to hide the Mexican industry's fear that increased competition caused by a cross border trucking agreement will shrink their market share. END SUMMARY.

GLOBALIZATION NOT DESIGNED FOR THE SMALL BUSINESS

12. Embassy Econoff, Monterrey Econoff, Monterrey Foreign Commercial Service Officer (FCS) and FCS Senior Trade Specialist met on April 6 with Jose Trevino Pezino of Transportes Aguila de Oro, Manuel Montemayor, General Manager of Transportes Mon-ro and Jesus Octavio Gonzalez Martinez, Service Director of COMCE Noreste (Northeast Mexican Chamber for Foreign Trade). Aguila de Oro is the largest transporter of merchandise for Wal-Mart in Mexico and the sole transporter for the HEB supermarket chain, while Mon-ro has the largest fleet in the region. Both Trevino and Montemayor are past presidents of CANACAR, the National Trucking Chamber of Commerce. The three individuals agreed "globalization did not take into account the needs and issues of the small business community." According to Gonzalez, transportation issues change dramatically based on the size of the business. Large businesses, he stated, have the resources to choose the best transportation option (such as a FAST certified shipper), while small businesses have limited options.

BORDER CROSSINGS LACK SUPPORT INFRASTRUCTURE

13. The trucking companies agreed that improvements have been made at border crossings themselves, but that road infrastructure leading to the border has not, causing significant delays. Trevino noted that having FAST certification and being able to use the FAST designated lane can save four to five hours per border crossing. However, FAST trucks must still spend a significant amount of time waiting in traffic to get to the start of the FAST lane. Montemayor mentioned that the Columbia Bridge, a relatively new, less trafficked bridge located 50 km outside of Laredo,

can save two hours in crossing time but is not heavily used because it increases transportation costs on both sides of the border. Although there is room for expansion, few customs brokers have opened offices at the Columbia Bridge. This requires trucks to travel an additional 50 kilometers to the bridge, and another 50 kilometers to Laredo after crossing in order to reach the customs broker.

SECURITY VULNERABILITIES

¶4. The lack of sufficient road lanes to allow trucks to rapidly approach the international bridges raises security concerns. According to Trevino, the trucks are an easy target for any sort of attack while waiting to arrive at the bridge. Montemayor agreed and added that the patio area where trailers change from one truck to another for the transfer across the border, has little to no security infrastructure in place. Drivers, according to the men, are fearful that criminals will approach them before they leave their homes or while waiting in line and obligate them to take packages in their trucks. They could not provide specific examples of this occurring.

IMPLICATIONS OF FAST

¶5. Although the FAST program provides many benefits, Trevino explained that there is a shortage of FAST certified drivers and trucks. This, he explained, makes it extremely difficult to match shipments with certified drivers and trucks that can take advantage of the FAST lane. He suggested that the trucking industry create a national database of FAST certified drivers and driving schools that could complete the

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certification. Transporters are fearful of losing their FAST certification that allows them to bypass border traffic jams.

A FAST license can be lost if a company's supply chain is breached at any point. Trevino mentioned that his company no longer accepts cargo shipments from third parties in order to minimize the risk of losing their FAST license.

BACKLASH OF A TRUCKING AGREEMENT

¶6. CANACAR does not support cross border trucking due to fears of losing the market share they currently control. The inefficiency and lack of modern trucks of many of its members would also require significant investment in order to meet U.S. standards. Trevino's opposition to Mexican transportation companies' operation in the U.S. was also based on the shortage of Mexican truck drivers. If Mexican trucks were allowed to operate in the U.S., he felt that drivers would only operate there due to higher wages, furthering the driver shortage in Mexico.

SUGGESTIONS FOR IMPROVEMENT

¶6. Trevino and Montemayor offered suggestions for improvements in the border crossing process on the Mexican side. The men detailed that Mexico must designate funds to increase the quality and number of road lanes to the international bridges. They did mention that the new highway to the Columbia Bridge may help. They also suggested the creation of a bonded area for smaller companies that is USG verified. Finally, they suggested the use of microchips or a similar electronic device that could be placed on each package and monitored from the factory to its final destination.

COMMENT

¶7. Trevino and Montemayor were highly critical of operations

on the Mexican side of the border but criticism of the USG at the border was virtually non-existent. Their suggestions while on point, do not seem likely to be completed in the near future. It is unclear, if Trevino's and Montemayor's companies would lose significant revenues due to a trucking agreement. The opinions they presented may demonstrate CANACAR's fear of competition more than their personal views.

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